GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:514
ANSWERED ON:24.11.2006
INDUSTRIAL DEVELOPMENT BANK OF INDIA
Gudhe Shri Anantrao

Will the Minister of FINANCE be pleased to state:

(a) whether the Industrial Development Bank of India (IDBI) is facing financial crisis for the last few years;

(b) if so, the details thereof and the reasons therefor;

(c) the measures taken by the Government to improve its financial position;

(d) the State-wise, number of fictitious and closed companies having secured loans from IDBI causing it into financial crisis; and

(e) the steps taken for recovery of outstanding loans?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): No, Sir.

(b): Does not arise.

(c): Government has not infused fresh equity into IDBI since 1991-92.However, restructuring of liabilities of IDBI effected in 2002-03 and creation of Stressed Assets Stabilization Fund in 2004 with a cost of Rs. 2520 crore and Rs. 9,000 crore respectively are some of the major efforts which have contributed to the financial position of IDBI Ltd.

(d): IDBI Ltd. has informed that they have not sanctioned assistance to ficticious companies.

(e): With a view to addressing the problem of recovering the dues from delinquent cases, the Government of India (GOI) has initiated several measures viz. introduction of the Corporate Debt Restructuring (CDR) mechanism, enactment of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI Act) and the establishment of Asset Reconstruction Companies (ARCs).